

A G E N D A

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources Auditorium
1594 W. North Temple
Salt Lake City, Utah

April 25, 2003

9:00 a.m.

I. CALL TO ORDER

II. APPROVAL OF MINUTES - March 20, 2003

III. CHAIR'S REPORT

IV. WATER SUPPLY REPORT - NRCS

V. FEASIBILITY REPORTS

E102 Lake Creek Irr. Co.

E103 Dansie Water Co.

County

Wasatch

Salt Lake

VI. COMMITTAL OF FUNDS

E108 Weber Basin WCD (Phase II)

Weber

VII. SPECIAL ITEMS

D886 Mapleton City (Withdrawal)

Utah

E087 Richland Nonprofit Water Co.

Rich

(Status Report)

E106 Lake Shore Irr. Co.

Utah

(Feas. Rep. & Comm. of Funds)

VIII. DIRECTOR'S REPORT

IX. OTHER ITEMS

X. NEXT BOARD MEETING - June 12 & 13, 2003 - Weber Basin area

XI. ADJOURNMENT

BRIEFING MEETING AGENDA

UTAH BOARD OF WATER RESOURCES

Central Utah Water Conservancy District
355 West University Parkway
Orem, Utah

April 24, 2003

3:30 p.m.

- | | | |
|------|--------------------------------|-------------------|
| I. | WELCOME/CHAIR'S REPORT | Chairman Peterson |
| II. | DISCUSSION OF STAFF ACTIVITIES | |
| III. | DISCUSSION OF PROJECTS | Board/Staff |
| IV. | OTHER ITEMS | |

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

April 25, 2003

Funds Available for Projects This FY **\$ 6,565,000**

Projects Contracted This FY

1 Redmond Lake Irr Co	E072	\$	61,000
2 Brady Ditch Irr Co	E073		60,000
3 East Bench Irr Co	E079		445,000
4 Fremont Waterworks Co	E057		150,000
5 Deseret Irr Co (Ph II)	E101		88,000
6 East Bench Canal Co	E032		164,000
7 Fountain Green Irr Co	E042		230,000
8 Callao Irr Co (Amend)	E008		32,000
9 Piute Res & Irr Co (Piute Dam)	C022	Grant **	2,752,500
10 Piute Res & Irr Co (Piute Dam)	C022	Loan **	197,500
11 Consolidated Sevier Bridge Res Co	C023	Grant **	650,000
Contracts for Dam Safety Studies		**	89,000

Total Funds Contracted	\$ 4,919,000
Funds Balance	\$ 1,646,000

Projects with Funds Committed

1 Parowan West Fields Irr Co	E044	\$	15,200
2 Marion Waterworks Co	E053		320,000
* 3 Lake Shore Irr Co	E106		141,000
4 Kays Creek Irr Co (Adams Dam) Amd	C001	Grant **	4,000
5 San Juan WCD (Recapture Dam)	C026	Grant **	2,020,000
Commitments for Dam Safety Studies		**	161,000
Total Funds Committed			\$ 2,661,000
Funds Balance			\$ (1,015,000)

Projects Authorized

1 Beaver Bench Irr Co	D918	\$	280,000
2 Croydon Pipeline Co	D962		35,000
3 North Canyon Irr Co	D955		315,000
4 Deseret Irr Co	E056		432,000
5 Porcupine Highline Canal Co	E062		85,000
6 Bear River Canal Co	E097		489,000
* 7 Dansie Water Co	E103		431,000
8 Consolidated Sevier Bridge Res Co	C023	Grant **	4,100,000
Total Funds Authorized			\$ 6,167,000
Remaining Funds Available			\$ (7,182,000)

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

April 25, 2003

Funds Available for Projects This FY	\$ 2,297,000
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Projects Contracted This FY

1 Alpine Cove Water SSD	D930	\$ 460,616	
2 Metropolitan Water Dist of Pleasant Grove City	E081	12,000	
3 Roy Water Conservancy Subdistrict	E085	19,000	
4 Centerville City	E086	16,000	
5 Hanna Water & Sewer District	D983	<u>1,371,000</u>	
Total Bonds Closed			\$ 1,879,000
Funds Balance			<u>\$ 418,000</u>

Projects with Funds Committed

1		\$ -	
Total Funds Committed			\$ -
Funds Balance			<u>\$ 418,000</u>

Projects Authorized

1 Trenton Town	L534	<u>\$ 1,304,000</u>	
Total Funds Authorized			\$ 1,304,000
Remaining Funds Available			<u>\$ (886,000)</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status

April 25, 2003

Funds Available for Projects This FY \$ 10,643,000

Projects Contracted/Bonds Closed This FY

1 Price City	L540	\$ 2,885,000
2 Washington County WCD	E092	75,000
3 Weber Basin WCD	E093	150,000
4 Jordan Valley WCD	E094	150,000
5 Gunnison City	E088	477,000
6 Midway Irr Co	E064	350,000
7 Tooele County	E080	700,000
8 Elsinore Town	L545	<u>514,000</u>

Total Funds Contracted/Closed	\$ 5,301,000
Funds Balance	<u>\$ 5,342,000</u>

Projects with Funds Committed

1 Midway Irr Co	E064	\$ 2,064,000
2 Magna Water Co an Improvement District	E068	815,000
3 Taylor-West Weber WID	E095	825,000
4 Town of Brian Head	L541	1,700,000
5 Centerville City	L544	1,142,000
6 Wolf Creek Water Conservancy Inc.	E089	611,000
7 Hooper Irr Co (Press Irr, Ph 1)	E060	2,677,000
* 8 Lake Creek Irr Co (Ph 1)	E102	22,500
* 9 Weber Basin WCD (Secondary Irr, Ph II)	E108	<u>648,000</u>

Total Funds Committed	\$ 10,505,000
Funds Balance	<u>\$ (5,163,000)</u>

Projects Authorized

1 Uintah WCD (Red Wash)	D730	\$ 1,940,000
2 Strawberry High Line Canal Co	D976	3,187,000
3 Kanab Irr Co	D968	62,000
4 Center Creek Culinary Water Co	E020	450,000
5 Uintah WCD (Island Ditch)	E036	720,000
6 Mountain Regional Water SSD	E040	1,675,000
7 New Santa Clara Field Canal Co	E069	930,000
8 Johnson Water District	E070	659,000
9 Ephraim Irr Co	E061	1,155,000
10 City of Cedar Hills	E099	31,200
* 11 Lake Creek Irr Co (Ph II)	E102	<u>300,000</u>

Total Funds Authorized	\$ 11,109,000
Remaining Funds Available	<u>\$ (16,272,000)</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

April 25, 2003

ADDITIONAL ACTIVE PROJECTS		Fund	Est. Board Cost	Total Cost
Authorized or Committed Projects				
1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D	\$ 10,925,000	\$ 12,853,000
2 Carbonville Ditch Co	D887	RCF	462,000	597,000
3 Central Utah WCD (Prepay FY98,99,00)	D960	C&D	3,000,000	3,000,000
4 Washington County WCD (Ivins)	D925	C&D	1,390,000	5,100,000
5 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D	27,721,000	32,613,000
6 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D	18,230,000	21,447,000
7 Hooper Irr Co (Press Irr, Ph 2-4)	E060	C&D	13,898,000	16,350,000
Subtotal			\$ 75,626,000	\$ 91,960,000
Projects Under Investigation				
1 Downs Ditch Water Co	D899	RCF	\$ 7,500	\$ 10,000
2 Keith Johnson	D996	RCF	37,500	50,000
3 Marion Park Estates	E065	RCF	173,250	231,000
4 Mayfield Irr Co	E067	RCF	187,500	250,000
5 Rock Dam Irr Co	E083	RCF	37,500	50,000
6 Tropic & East Fork Irr Co	E104	RCF	1,275,000	1,700,000
7 West Panguitch Irr & Res Co	E105	RCF	825,000	1,100,000
* 8 Pioneer Land & Irr Co	E107	RCF	52,500	70,000
9 Summit County Service Area #3	E045	CWL	414,750	553,000
10 Woodruff Irrigating Co	D680	C&D	600,000	800,000
11 Kane County WCD	D828	C&D	1,500,000	2,000,000
12 Uintah WCD (Leota Bench)	D944	C&D	750,000	1,000,000
13 East Carbon City (Dam)	D969	C&D	7,500,000	10,000,000
14 Gunnison Butte Mutual Irr Co	E004	C&D	1,254,000	1,475,000
15 Town of Altamont	E012	C&D	142,500	190,000
16 City of South Jordan	E034	C&D	2,253,000	3,004,000
17 Hyrum Blacksmith Fork Irr Co	E047	C&D	2,025,000	2,700,000
18 East Juab County WCD	E071	C&D	375,000	500,000
19 New Escalante Irr Co	E077	C&D	5,625,000	7,500,000
20 Ferron Canal & Res Co	E082	C&D	-	-
21 Whiterocks Irr Co	E084	C&D	1,500,000	2,000,000
22 Richland Nonprofit Water Co	E087	C&D	592,000	1,767,000
23 Parowan City	E090	C&D	204,000	272,000
24 Logan, Hyde Park, Smithfield Canal Co	E096	C&D	1,301,250	1,735,000
25 Newton Water Users Association	E100	C&D	1,001,250	1,335,000
26 West Point City	L456	C&D	1,248,000	1,664,000
* 27 Centerfield Town	L547	C&D	1,986,000	2,648,000
Subtotal			\$ 32,867,500	\$ 44,604,000
TOTAL			\$ 108,493,500	\$ 136,564,000

* New Applications

BOARD OF WATER RESOURCES

April 25, 2003

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Upper Sevier River WCD	E098

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-102**
Received: 1/24/03
Approved: 3/20/03

To be Presented at the April 25, 2003 Board Meeting

SPONSOR: ***LAKE CREEK IRRIGATION COMPANY***

President: George P. Holmes

LOCATION: The proposed project is located about four miles east of Heber City in Wasatch County.

EXISTING CONDITIONS & PROBLEMS: The sponsor provides pressurized irrigation water from Lake Creek to 2,020 acres of agricultural land and 180 acres of residential land (146 developed and 214 undeveloped lots).

Water delivered to the several residential subdivisions for secondary irrigation is metered where each subdivision's main line leaves the sponsor's transmission pipeline. Some residential lot owners are using more irrigation water than they are entitled to and, since most residents irrigate at night, it is difficult for the sponsor to regulate usage by direct observation. The sponsor estimates that even though only about 10% of the lot owners abuse the system from a water use standpoint, this abuse still necessitates installation of meters on all residential lots if found technically feasible.

PROPOSED PROJECT: The sponsor is requesting technical and financial assistance from the board to install 146 meters on individual lots with existing homes, and an additional 214 meters on sold and unsold lots in platted subdivisions (according to a Wasatch County ordinance, developers will be required to install individual meters in areas not yet platted).

Prior to funding, staff recommends a pilot project (Phase I) of 24 meters located throughout the project area be installed, maintained, and read for at least 2 1/2 full irrigation seasons to rate the meters' performance in dirty water and to verify that the overall project is technically feasible. Phase II will be built if the Phase I pilot project is successful, and will consist of the installation of the remaining 336 meters. The automated remote reading capability of the Phase I meters will be added as part of the Phase II project. The sponsor requests the Phase I portion of the project be authorized and committed at this time, and the Phase II portion be authorized. Division staff will provide design and construction engineering services for both phases.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate for the entire project (Phases I and II) was prepared by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Price</u>	<u>Amount</u>
1.	Water Meter	360 EA		\$400	\$144,000
2.	Automated Remote Readout	360 EA		200	72,000
3.	Meter Box & Lid	360 EA		90	32,400
4.	Meter Coupling	360 EA		30	10,800
5.	Isolation Valve	360 EA		50	18,000
6.	Service Line Coupler	360 EA		30	10,800
7.	Installation	360 EA		200	72,000
Construction Cost					\$360,000
Contingencies					36,000
Legal and Administrative					10,000
Design and Construction Engineering					24,000
TOTAL					\$430,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment for Phase I and Phase II are:

<u>Agency</u>	<u>Phase I Cost Sharing</u>	<u>Phase II Cost Sharing</u>	<u>% of Total</u>
BWRe	\$ 22,500	\$ 300,000	75%
Sponsor	<u>7,500</u>	<u>100,000</u>	<u>25</u>
TOTAL	\$ 30,000	\$ 400,000	100%

If the board authorizes and commits funds to Phase I, and authorizes Phase II, it is suggested they both be purchased at 1% interest over approximately 20 years. Phase I's annual payments will be \$1,250 and Phase II's \$16,600.

ECONOMIC
FEASIBILITY:

The purpose of this project is to provide funding for additional basic equipment (meters) needed by the sponsor to improve water management and conservation. Economic feasibility of a municipal project requires the existence of an alternative means of achieving an equivalent result, as the measure of benefits. In this case, the alternative is to do nothing and continue with the practice of not metering. Since metering the outflow of water from an enclosed water transmission and distribution system is essential to wise management, there is no alternative available for achieving a similar outcome. Benefits are therefore considered equal to costs, giving the project a benefit/cost ratio of 1.0.

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, Lake Creek water users could pay up to \$38.70 monthly for all water. The cost of water with the proposed combined project, based on 360 connections, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Existing Culinary Water	\$ 164,200	\$ 38.01
Existing Secondary Water	16,200	3.75
New O&M	2,000	0.46
Proposed BWRe Assistance	<u>17,850</u>	<u>4.13</u>
TOTAL	\$ 200,250	\$ 46.35

PROJECT
SPONSOR:

The Lake Creek Irrigation Company was founded in 1890 but not officially incorporated until 1943. It is presently registered in good standing with the state Department of Commerce, serves 2,200 acres, and includes 565 primary water right shares divided as follows:

- Twin Creeks Special Service District (23)
- 50 Agricultural Shareholders (477)
- 360 Residential Lots (60)
- Exchange for Well Right: 43 Shareholders (5)

The sponsor has participated with the board in nine past projects, and has also received assistance through the dam safety program on Witt Lake and Deer Valley dams (the sponsor also owns and operates Brush Lake). Six of the past nine projects have been purchased from the board and the remaining three have payoff dates of 2004, 2005, and 2006.

WATER RIGHTS & SUPPLY:

The sponsor has many water rights ranging from direct flow rights on Lake Creek to storage reservoirs in the Lake Creek drainage basin. The following are the sponsor's main rights:

<u>Water Right #</u>	<u>Change App. #</u>	<u>Ac-Ft</u>	<u>Source</u>	<u>Status</u>
55-1494		853.0	Witt Lake	DIL
55-8390		686.2	Lake Creek	DEC
	a-17196	686.2	Lake Creek	APP
	a-17817	686.2	Lake Creek	APP
55-8158		407.6	Lake Creek	DEC
			Deer Valley	
55-1495		172.0	Res	DIL

The sponsor's largest rights (55-1494, 55-8390, and 55-8158) are presently in the name of the board. In addition, the sponsor has the right to purchase up to 1,600 acre-feet of Central Utah Project agricultural and M&I water annually.

EASEMENTS:

The sponsor will work with individual lot owners in installing meters on private property.

ENVIRONMENTAL:

Meters will be installed in roads or in previously cultivated areas; destruction of natural habitat is not anticipated to occur.

WATER CONSERVATION:

Adding meters to the system will allow the sponsor to set fees based on the amount of water each customer uses. The division will work with the sponsor during Phase I of the project to establish a progressive

rate structure that will assure adequate revenue and encourage conservation.

SPONSOR'S RESPONSIBILITIES: If the board authorizes and commits funds to Phase I of the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate and maintain the project.

2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:

a. Assign properties and easements required for the project to the Board of Water Resources.

b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.

3. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

4. Have an attorney give the Board of Water Resources a written legal opinion that the company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, and land necessary for the project.

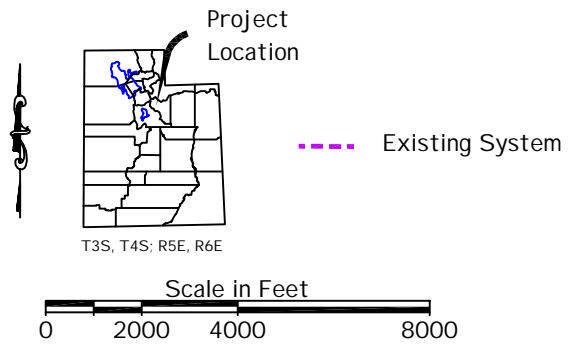
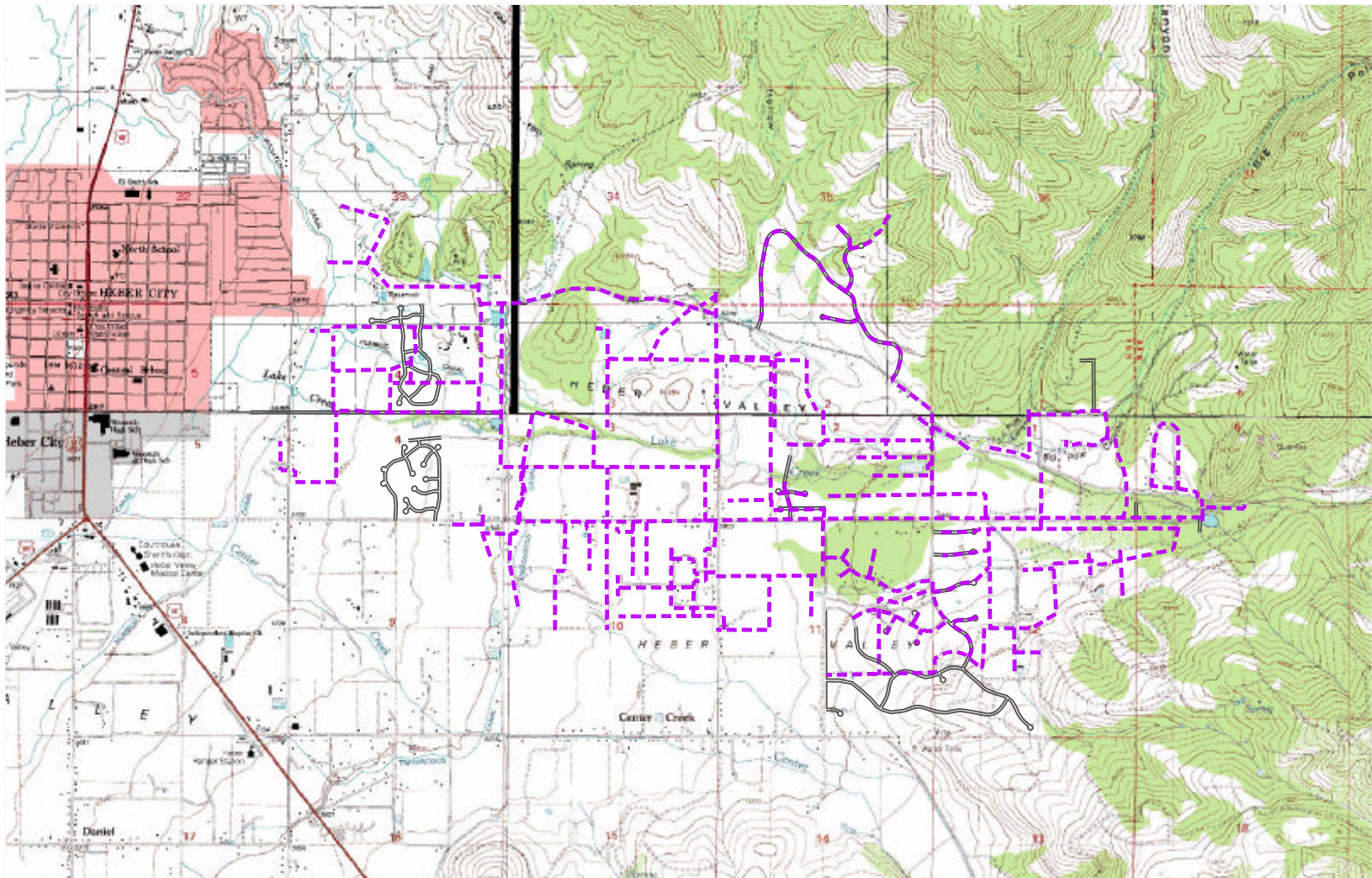
5. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

6. Adopt a rule prohibiting its shareholders from irrigating residential landscapes between the hours of 10:00 a.m. and 6:00 p.m.

If the board also authorizes Phase II of the proposed project (which phase will not proceed unless Phase I is successful), the sponsor must complete items 1, 2, 3, and 4 above before construction on Phase II can begin.

STAFF COMMENT: The sponsor has purchased several 1 1/2-inch mechanical turbine meters, some of which may be used in Phase I. Staff recommends that other types of meters, including magnetic/electronic, also be used in Phase I.

PROJECT	President:	George P. Holmes
CONTACT		P.O. Box 217
PEOPLE:		Heber City, UT 84032-0217
		Phone: (435) 503-0465
	Secretary:	Jeff Bradshaw
		175 North Main, Suite 201
		Heber City, UT 84032
		Phone: (435) 654-2053



LAKE CREEK IRRIGATION COMPANY
Secondary Irrigation Meter Project
Wasatch County

BOARD OF WATER RESOURCES

Feasibility Report

Revolving Construction Fund

Appl. No.: **E-103**
Received: 1/29/03
Approved: 3/20/03

To be Presented at the April 25, 2003, Board Meeting

SPONSOR: ***DANSIE WATER COMPANY***

President: J. Rodney Dansie

LOCATION: The proposed project is located west of Herriman in southwestern Salt Lake County.

EXISTING CONDITIONS & PROBLEMS: The sponsor supplies culinary water for indoor and some outdoor use to 19 homes (12 conventional and seven mobile) owned by six members of the Dansie family. The water system is rated "Approved" by the Division of Drinking Water and consists of a well, two aboveground steel storage tanks holding a total of 70,000 gallons, and distribution pipeline. The tanks are over 40 years old, require considerable upkeep and repair, and their volume is inadequate from a fire protection standpoint.

The 19 homes, 13 of which are rentals, are located on 460 acres; the Dansies plan for 1,000 homes on the land someday. Family members own all water company stock and therefore control company voting.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to construct a million gallon concrete storage tank and install pipeline to connect it to the existing water system. Although a design and construction engineer has not been hired, a consulting firm has provided preliminary cost estimating assistance.

The project fits in Prioritization Category 2
(municipal project required to meet existing or
impending need).

COST ESTIMATE: The following cost estimate has been reviewed by
staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	1 MG Concrete Tank	LS	\$470,000	\$470,000
2.	10-inch Pipeline	1,200 LF	20.00	<u>24,000</u>
	Construction Cost			\$494,000
	Contingencies			49,000
	Legal and Administrative			10,000
	Design and Construction Engineering			<u>63,000</u>
	TOTAL			\$616,000

COST SHARING
& REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 431,000	70%
Sponsor	<u>185,000</u>	<u>30</u>
TOTAL	\$ 616,000	100%

If the board authorizes the project, it is suggested
it be purchased in 25 years at 0% interest with
approximate annual payments as follows:

<u>Year</u>	<u>Payment</u>
1	\$14,200
2	14,400
3	14,700
4	14,900
5	15,100
6	15,400
7	15,600
8	15,900
9	16,100
10	16,300
11	16,600
12	16,900
13	17,100
14	17,400

15	17,700
16	17,900
17	18,200
18	18,500
19	18,800
20	19,100
21	19,400
22	19,700
23	20,000
24	20,300
25	20,800±

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, the company's customers could pay up to \$62.06 monthly for all water service; the average monthly bill last year was about \$45. The cost of water with the proposed project will be around \$105 and will remain at that level assuming annual growth in connections parallels the Office of Planning and Budget's projected population growth rate for the Herriman area of 1.57%.

The suggested purchase period of 25 years is the board's historical maximum for the Revolving Construction Fund.

Current water rates are \$35.00 for the first 5,000 gallons and \$1.00 per thousand gallons overage.

BENEFITS:

The project will replace two old, worn tanks, improve fire protection, and provide storage to support additional development of the Dansie's land.

PROJECT
SPONSOR:

The Dansie Water Company, a domestic nonprofit corporation, registered with the state Department of Commerce in 1992 and is currently in good standing with that agency. Although the company has not received financial assistance from the board in the past, J. Rodney Dansie did submit an application to the board in 1991 on behalf of Foothills Water Company to construct a concrete storage tank and install transmission and distribution pipelines. That application was withdrawn in 1995.

WATER RIGHTS & SUPPLY: Underground water right 59-1249 (a7156) is in the name of Jesse H. Dansie for 6.373 cfs. Of that amount, 1.19 cfs can come from one well for domestic purposes and the rest from 19 other wells for agricultural purposes. According to the State Engineer's office, 59-1249 is under active litigation.

EASEMENTS: The sponsor owns the land on which the project will be constructed.

ENVIRONMENTAL: The project is not expected to have any environmental effects other than dust and noise during construction.

WATER CONSERVATION: As more homes are built on the property and the number of water connections increases, the sponsor should establish a schedule of increasing water rate overage charges.

SPONSOR'S RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and domestic water rights required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

4. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources and Division of Drinking Water.

6. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

7. Adopt a rule prohibiting its shareholders from irrigating residential landscapes between the hours of 10:00 a.m. and 6:00 p.m.

8. Obtain an IRS Employer Identification Number.

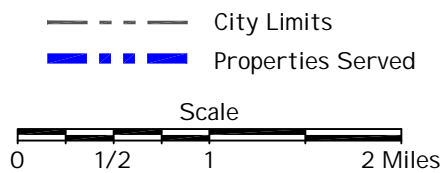
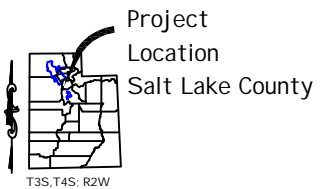
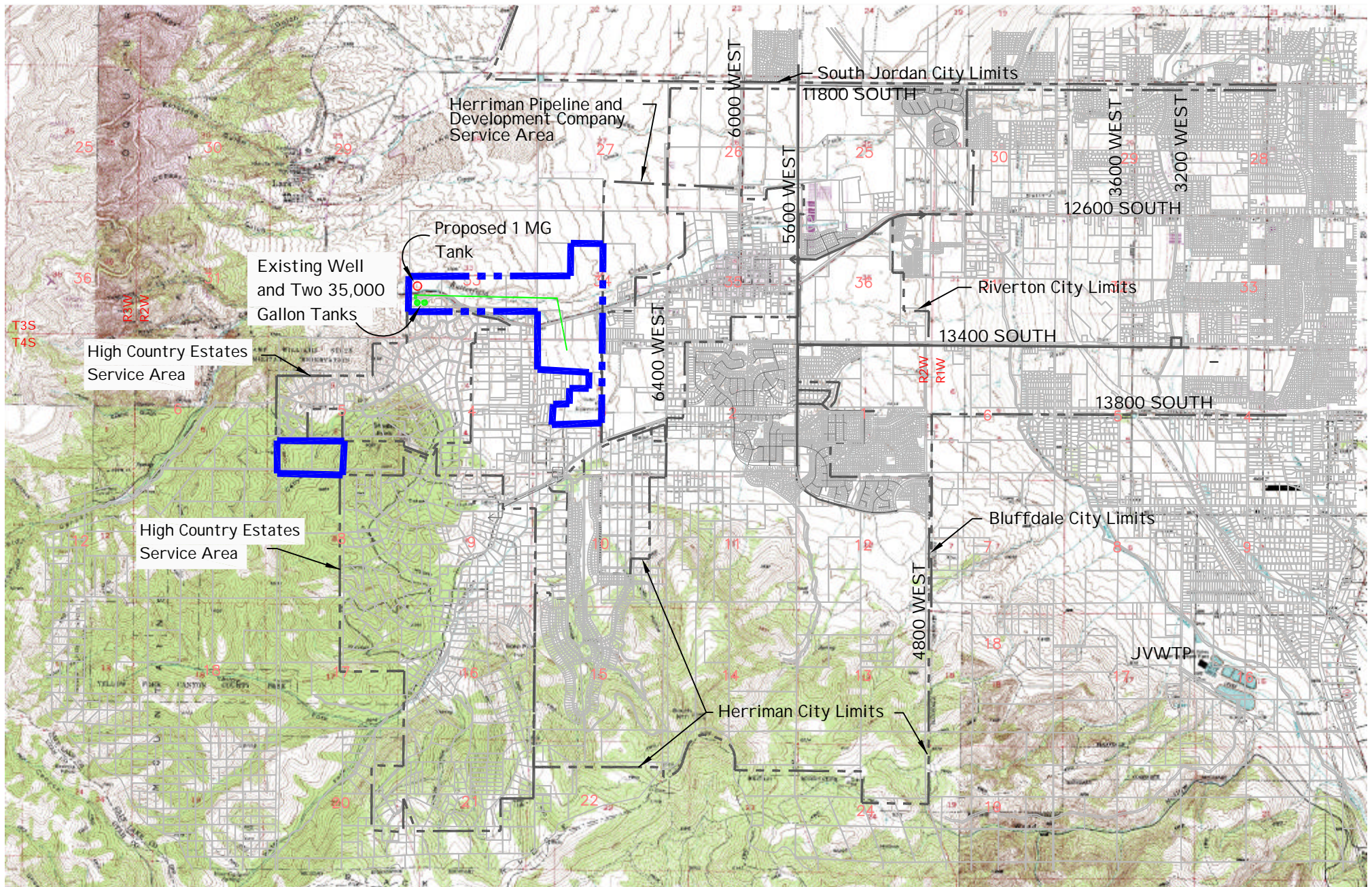
STAFF COMMENTS: The sponsor's proposal may be considered a family development project because of the Dansie ownership of all land and homes and the family's plan to

ultimately have up to 1,000 more residences on the property. As those homes get built, however, there will be a commensurate increase in the number of non-family water company shareholders.

A million gallon storage tank is many times larger than currently needed for indoor, outdoor, and fire flow needs. Construction of it would be one infrastructure improvement that would help the Dansies develop their property.

Staff believes the sponsor's project as proposed does not meet board funding criteria.

PROJECT	President:	J. Rodney Dansie
CONTACT		7198 West 13090 South
PEOPLE:		Herriman, UT 84065
		Phone: (801) 254-4364



DANSIE WATER COMPANY
Proposed 1 MG Storage Tank
Salt Lake County

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-108**
Received: 3/3/00
Approved: 5/5/00
Authorized: 6/16/00
Committed (Phase I): 4/20/01

To be Presented at the April 25, 2003 Board Meeting

SPONSOR: **WEBER BASIN WATER CONSERVANCY DISTRICT**

General Manager: Tage Flint
2837 E. Highway 193
Layton, UT 84040
Phone: (801) 771-1677

LOCATION: The proposed project is located on the northern side of West Haven City in Weber County.

PROJECT SUMMARY: The board authorized a \$34 million project to construct, over a period of years, pressurized secondary irrigation systems over about 29 square miles in the West Haven, Roy, and Hooper areas in western Weber County. An application was subsequently received by the board from Hooper Irrigation Company for a four-phased, \$19.5 million pressurized irrigation system to serve agricultural and residential users in and around Hooper City; that project was authorized January, 2002, had funds committed to its first phase March, 2003, and will replace a substantial portion of Weber Basin's project.

The sponsor's project is being designed and constructed in phases. This second phase, consisting of about 1.7 miles of 18 through 24-inch pipeline, will extend phase one (two pumps and 7,900 feet of transmission pipeline to transport water from the

district's Layton Canal to the Kanesville Irrigation Company service area) northward and accommodate a pressurized secondary system for several subdivisions being developed.

COST ESTIMATE
& SHARING:

The overall project was authorized based on 85% cost sharing from the board and 15% from the district. The proposed cost estimate and sharing for the second phase are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 648,000	85%
Sponsor	<u>114,000</u>	<u>15</u>
TOTAL	\$ 762,000	100%

REPAYMENT:

Board financial assistance for each phase is to be returned at between 3% and 5% interest, depending on the proportion of agricultural and municipal benefit, respectively. The interest rate, repayment period, and annual payments for each phase are to be determined at the time funds are committed.

Based on the board's water service affordability guidelines, residents in the project area will be able to pay up to \$59.06 monthly for all water service. Bona Vista Water Improvement District will provide culinary water for indoor use and projects its average monthly cost will be \$10.90. Adding to that the cost to the initial 80 project connections required to repay the board loan (sponsor desires the project area to be self-sufficient), and the \$3,500 needed to purchase a share of water spread over the proposed loan repayment period, gives a total cost of water of \$59.

Staff therefore suggests the bonded indebtedness of \$648,000 be repaid in 26 years at 4% interest with annual payments ranging from about \$35,400 to \$56,000 (includes reserves). The increasing payments parallel the state Office of Planning and Budget's projected 1.9% growth rate.

STAFF COMMENTS: Although there are about 2,600 acres that could be served by this project, much of it agricultural, few landowners currently desire to be part of it. Also,

the district estimates that about 500 homes could ultimately receive water from the project, which exceeds the 138 that would exist if Planning and Budget's estimate holds true.

Due to concerns regarding the ability of water districts to convey real property (water rights) to secure debt, staff suggests the board purchase a bond from the sponsor.

BOARD OF WATER RESOURCES

Special Item

Withdrawal

Conservation and Development Fund

Appl. No.: **D-886**

Received: 8/3/94

Approved: 8/5/94

To be Presented at the April 25, 2003 Board Meeting

SPONSOR: **MAPLETON CITY**

Mayor: Dean S. Allan
35 East Maple
Mapleton, UT 84664
Phone: (801) 489-5655

LOCATION: The proposed project is located in and around Mapleton City, just south of Springville in Utah County.

SUMMARY: In 1994 the city requested financial assistance from the board to construct a pressurized secondary irrigation system throughout Mapleton. Since then the system has been partially built with groundwater contamination mitigation monies from a nearby explosives company.

Because the city feels it is financially infeasible to build the remainder of the project at this time, it requests its application to the board be withdrawn from further consideration.

BOARD OF WATER RESOURCES

Special Item

Status Report

Conservation and Development Fund

Appl. No.: **E-087**
Received: 7/25/02
Approved: 8/9/02
Tabled: 1/31/03

To be Presented at the April 25, 2003 Board Meeting

SPONSOR: ***RICHLAND NONPROFIT WATER COMPANY***

President: Robert Wood
47 East Cisco Road
Laketown, UT 84038
Phone: (435) 946-3590

LOCATION: The proposed project is located about one mile north of Laketown, on the southeast side of Bear Lake in Rich County.

SUMMARY: In January staff presented to the board a feasibility report describing the sponsor's proposed development of a regionalized public water system along the south shore of Bear Lake to serve 200 existing connections and allow an increase of 400 total residential connections over the next 15-20 years.

The project involves consolidation of several smaller water systems, one of which expressed its opposition during the board meeting. The board tabled the sponsor's request and directed it to complete signed agreements with all entities interested in participating in the project before returning for authorization.

STATUS:

The sponsor has received signed agreements from Laketown (120 connections) and 41 connections along the south shore, with another 24 reserve connections that will connect within five years. It has pending agreements with Vista Grande (15 connections, 15 reserve), South Shore Special Service District (Rendezvous State Park and 10 connections), and Falula Farms (8 connections, 6 reserve). Developers including Lake Vista Properties, Wood Family Development, and Clark Willis still plan to prepay 130 connections to reserve space in the system for future development.

Due to complexities in obtaining these agreements, and investigating legalities of the various entities turning their water rights over to the sponsor, the sponsor is still trying to finalize the information required by the board. It is also working on design changes to the plans as South Bear Lake Water Users (the 36-connection system opposed to the project) will not be connecting as originally thought.

The sponsor is still interested in obtaining funding from the board and plans to approach it in June for authorization and committal of funds.

BOARD OF WATER RESOURCES

Special Item

Feasibility Report & Committal of Funds

Revolving Construction Fund

Appl. No.: **E-106**

Received: 2/21/03

Approved: 3/20/03

To be Presented at the April 25, 2003 Board Meeting

SPONSOR: **LAKE SHORE IRRIGATION COMPANY**

President: Jay Evans

LOCATION: The proposed project is located about two miles west of Spanish Fork in Utah County.

EXISTING CONDITIONS & PROBLEMS: The sponsor delivers water for flood irrigation to about 5,400 agricultural acres through 30-35 miles of earth and concrete-lined canals and pipeline. Water is diverted from the Spanish Fork River into a 72 cfs earth canal, then channeled into four main canals for delivery.

The main canals include reaches of bare earth, intact concrete liner, and deteriorated/discontinuous liner about 40 years old. Some sections of canal are higher than adjacent farmland and seepage from them enters root zones of (and sometimes surfaces on) the land, damaging it and reducing production. On two 25-acre parcels about 150 acre-feet annually is seeping, and legal action has been threatened if it isn't stopped.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to replace 2,700 feet of canal with pipe. The sponsor also requests that what it spent last year to do a similar project be included in the costs and credited as its cost sharing. Shane Sorensen in

Spanish Fork will provide design and construction engineering services.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit to area).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u>
1.	Concrete Removal	LS	\$ 21,000	\$ 21,000
2.	Corrugated Metal Pipe, 42-inch	1,050 LF	29.60	31,080
3.	Steel Pipe, 48-inch	1,650 LF	31.30	51,645
4.	Control Boxes & Gates	LS	6,300	<u>6,300</u>
Construction Cost				\$110,025
Contingencies				10,975
Legal and Administrative				4,000
Design and Construction Engineering				<u>16,000</u>
PROJECT TOTAL				\$141,000
2002 Canal Piping				<u>50,000</u>
GRAND TOTAL				\$191,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$141,000	74%
Sponsor	<u>50,000</u>	<u>26</u>
TOTAL	\$191,000	100%

If the board authorizes the project, it is suggested it be purchased with annual payments of \$8,000 at 0% interest over approximately 18 years. Although the project will directly benefit only 40% of the sponsor's land, similar improvements on other canal laterals have been made in the past year and all shareholders will be assessed for the proposed improvements.

FINANCIAL
FEASIBILITY:

The sponsor feels it can afford to return board assistance at \$7,000-\$8,000 per year. The project will not increase crop production since shareholders also rent water from the Central Utah Project (CUP) during dry years to complement their water from the Spanish Fork River. The sponsor currently delivers up to 1,140 acre-feet from CUP during dry years; this is expected to reduce to about 990 acre-feet with the project in place.

The following shows costs of the sponsor only and does not include what individuals pay for CUP and Strawberry Valley Project water:

	<u>Annual Cost</u>	<u>Cost/Acre</u>
Operation & Maintenance	\$ 68,500	\$ 12.69
Existing Bank Loan	12,000	2.22
Proposed BWRe Assistance	<u>8,000</u>	<u>1.48</u>
TOTAL	\$ 88,500	\$ 16.39

The sponsor currently assesses its 5,740 shares \$4.50 annually for river water. It also assesses \$4.50/acre-foot to deliver CUP and Strawberry Valley Project water to individuals, who pay \$11/acre-foot and \$6-8/acre-foot for it, respectively. It is anticipated that individuals will save about \$2,300 annually in reduced CUP water costs.

BENEFITS:

The project will provide the sponsor the capability of providing a better supply of river water, allow shareholders to rent 150 acre-feet less water annually from CUP, and eliminate the threat of a lawsuit.

PROJECT
SPONSOR:

The Lake Shore Irrigation Company was organized in 1875, incorporated in 1889, and is presently registered in good standing with the state Department of Commerce. It distributes water to 207 shareholders irrigating about 5,400 acres and holding 5,740 Spanish Fork River water shares (one share represents 1½ acre-feet if the river is flowing full), 2,766 Strawberry Valley Project shares (one share represents one acre-foot), and leasing 1,140 acre-feet annually from the Central Utah Project during dry years.

The sponsor has not received funding from the board in the past.

WATER RIGHTS
& SUPPLY:

The sponsor's water rights in the Spanish Fork River are defined in the McCarty Decree of 1899. In addition, the sponsor uses water from the Strawberry Valley Project and leases up to 1,140 acre-feet annually from CUP. Between these sources the sponsor delivers about 12,000 acre-feet in normal and wet years.

EASEMENTS:

The pipeline will be placed adjacent to existing canals; new easements will need to be obtained.

ENVIRONMENTAL:

The project is not expected to have any detrimental environmental effects other than dust and noise during construction. It will eliminate cattails on land where flooding is occurring due to leakage from the canal.

WATER
CONSERVATION:

An estimated 150 acre-feet annually that presently escapes from the canal reaches in question will be saved.

SPONSOR'S
RESPONSIBILITIES:

If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and water rights required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.

3. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

4. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

STAFF COMMENTS: The sponsor is desirous of completing the project as soon as possible so it can be used this summer and so the lawsuit threat can be eliminated. As such, it is

working to complete the Sponsor's Responsibilities
and requests that, if the board chooses to authorize
the project, it also commit funds.

PROJECT
CONTACT
PEOPLE:

President:	Jay Evans 6096 South 4000 West Spanish Fork, UT 84660 Phone: (801) 798-3681
Secretary:	Kevin Sorensen 5692 South 4800 West Spanish Fork, UT 84660 Phone: (801) 794-2325
Engineer:	Shane Sorensen, P.E. 593 West 480 North Spanish Fork, UT 84660 Phone: (801)798-1209

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-107**

Received: 3/24/03

SPONSOR: **PIONEER LAND & IRRIGATION COMPANY**

President: O. Scott Wayment
1656 North 5900 West
Ogden, UT 84404
Phone: (801) 731-1531

LOCATION: The proposed project is located in the Plain City area of Weber County, about eight miles northwest of Ogden.

PROPOSED PROJECT: The sponsor is requesting assistance to move its irrigation pump on the Weber River about 200 feet upstream, extend electric power to the new location, build a new pumphouse, and replace about 900 feet of metal irrigation pipeline.

WATER RIGHTS: 35-8059 for 4.35 cfs from the Weber River.

COST ESTIMATE: \$70,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **L-547**

Received: 3/17/03

SPONSOR: **CENTERFIELD TOWN**

Mayor: Darwin Jensen
130 South Main
P.O. Box 220200
Centerfield, UT 84622
Phone: (435) 528-3296

LOCATION: The proposed project is located in and around Centerfield, about two miles south of Gunnison in Sanpete County.

PROPOSED PROJECT: The town is requesting assistance to improve its culinary water system by drilling and equipping a well, constructing a 300,000 gallon storage tank, replacing old and small distribution system piping, adding 32 fire hydrants, and updating the existing chlorination system.

WATER RIGHTS: 63-3241

COST ESTIMATE: \$2,648,000

Unapproved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

March 20, 2003

Garden Room at the Crystal Inn
1450 South Hilton Drive
St. George, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
March 20, 2003

The Board of Water Resources held a briefing meeting on March 20, 2003, at 7:00 a.m. in the Garden Room at the Crystal Inn, 1450 South Hilton Drive, St. George, Utah.

The following people were in attendance:

BOARD MEMBERS

Warren Peterson
Paul Riley
Lucille Taylor
Ivan Flint
Brad Hancock
Harold Shirley

STAFF MEMBERS

Larry Anderson
Dennis Strong
Eric Millis
Nancy Fullmer
Tom Cox

VISITORS

Sherm Hoskins

Chair Warren Peterson called the briefing meeting to order and welcomed everyone to the meeting.

CHAIR'S REPORT

Chair Peterson said the water community was well served by the legislature. Mr. Peterson stated, "The Board's funding was essentially left in tact; that is one reason we did not hold the special meeting we had planned to hold yesterday."

Chair Peterson reported on the Tri-Board meeting he attended on February 5 with representatives of the Drinking Water and Water Quality Boards. There were no representatives from the Soil Conservation Commission, which administers the ARDL loan funds. Mr. Peterson handed out a draft letter expressing the results of the meeting. He reviewed his concerns and asked the Board members for comments. Chair Peterson said he would contact the other two chairmen and modify the letter to incorporate the Board's concerns.

Paul Riley talked about Ron Sims' offer of assistance from the Utah Water Research Laboratory at Utah State University. Mr. Sims said the Water Lab has been doing computer modeling for several states, and he would make that expertise available to do modeling for areas in the state of Utah that might need some extensive study. Some of the Board members expressed concern about duplicating some of the Division's planning staff's work if the Water Lab's offer was accepted. Director Anderson said staff has involved the Water Lab in the development of the State Water Plan and will continue to work with them.

Chair Peterson said he would like the Board to look at the Provo Reservoir Canal during the tour of the CUP project in April. There is an effort being made to pipe the Murdock Canal (Provo Reservoir Canal). Lucille Taylor said Keith Denos, the manager of the Provo River Water Users Association, talked to her about it.

Mr. Peterson talked about the possibility of four of the Board members leaving the Board of Water Resources after this meeting since they have served two 4-year terms – Lucille Taylor, Cleal Bradford, Warren Peterson and Harold Shirley. As part of the Chairman's report in the Board meeting, he would like to give them an opportunity to speak. Mrs. Taylor said she wants to be invited on the CUP tour even if she is not reappointed.

Chair Peterson said it has been the tradition that the Board chair serve two years. He would like to step out of the tradition and have a new chair elected at a future meeting even if he is reappointed to the Board.

DISCUSSION OF STAFF ACTIVITIES

Director Anderson asked Eric Millis to talk about what happened at the legislature. Mr. Millis referred to a memo under the Director's Report in the Board folder. He explained some of the bills that passed, and reviewed some of the bills that did not pass. He reviewed some of the items for interim study listed in the Master Study Resolution.

DISCUSSION OF PROJECTS

Warren Peterson welcomed Tom Cox to the meeting and said he could answer questions about the projects being presented at the Board meeting.

City of Cedar Hills

Lucille Taylor said she visited Cedar Hills, and it is a fast growing residential community north of Pleasant Grove. Staff suggested the city could repay the loan in the amount of \$1,350,000 over 10 years at 5% interest. She thinks it is a wise suggestion because the people can afford that amount.

Dennis Strong said when the city first approached the Board, they requested assistance for bond insurance. When staff investigated the project, the sponsor said they wanted a loan. After they saw staff's recommendation for repayment terms of 10 years at 5% interest, they changed their minds and would like to change the request to bond insurance in the amount of a \$31,000 grant. Mr. Strong said when Tom presents the project, he will talk about bond insurance and will not cover the other information included in the feasibility report.

Hooper Irrigation Company

Ivan Flint said the mayor called him and said they wanted to request changes in the report. Tom said he knows what the changes are as he met with the engineer and one of the board members. There are about 550 connections instead of 850 connections; and when the loan payment starts, there will be about 600 connections. Eventually the agricultural land will be developed into residential land.

Mr. Flint asked about the total cost of the project. Tom said phase I, which consists of the distribution system, is estimated to cost \$3.150 million, and it does not include the pond and booster pump station. Dennis Strong said he would like the Board to ignore the issue of the additional cost since it is a phase project. The issue at hand is whether the Board feels comfortable about committing funds for phase I since it will not be operational until the pond and pumping station are built or whether they want to table this request.

Dennis asked Tom to discuss the revised numbers with the sponsor's changes; the report suggests a repayment schedule at 5% over 20 years. Tom suggested the repayment terms could be 3% interest over 25 years starting at \$110,000, which is an increase of about \$17 per connection per month for the secondary water.

Dennis Strong said all of the remaining projects are the same as authorized by the Board. Warren Peterson said he has a conflict of interest on the Brian Head project.

Minutes

There was a discussion about changes to the Minutes of the briefing meeting and Board meeting held on January 31.

The briefing meeting adjourned at 8:45 a.m.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
March 20, 2003

Crystal Inn
1450 South Hilton Drive
St. George, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the January 31, 2003 Board meetings were approved with suggested changes. page 1
2. The Board granted \$31,200 for bond insurance to the City of Cedar Hills. page 2
3. Funds were committed to the Hooper Irrigation Company in the amount of \$2.677 million (85%) to be returned in 25 years at 3% interest beginning at \$110,000 and ending at \$216,000, subject to availability of funds. page 3
4. The Board committed funds to Centerville City in the amount of \$1.142 million (26%) to be repaid in 16 years at 3% interest beginning in 2005, with annual payments ranging from about \$35,000 to \$233,000, subject to availability of funds. page 3
5. Funds were committed to the Marion Waterworks Company in the amount of \$320,000 (80%) to be repaid at 0% interest over approximately 22 years with annual payments of \$15,000, subject to availability of funds. page 4
6. The Board committed funds to Tooele County by participating in an interest rate buydown with the market loan to be repaid in 17 years at 5% interest and the \$700,000 (35%) to be repaid concurrently with the market loan in 17 years at 1% interest. Approximate annual payments will be \$7,000 the first year, rising to \$93,000 in the final year, subject to availability of funds. page 4
7. Funds were committed in the amount of \$611,000 (75%) to the Wolf Creek Water Conservancy Inc. to be repaid in 25 years at 3% interest with annual payments ranging from approximately \$28,000 to \$43,000, subject to availability of funds. page 4
8. The Board committed funds to the Town of Brian Head in the amount of \$1.7 million (85%) to be repaid in 18 years at 5% interest with escalating repayments, subject to availability of funds. page 5
9. Funds were committed to Elsinore Town in the amount of \$514,000 (35.6%) to be repaid in 25 years at 2% interest with payments ranging from approximately \$22,400 to \$34,700, subject to availability of funds. page 5
10. The Richfield City and K Ranch LLC applications were withdrawn from further consideration by the Board. page 5

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Thursday, March 20, 2003 at the Crystal Inn, 1450 South Hilton Drive, St. George, Utah. Chair Peterson presided over the 9:00 a.m. meeting.

BOARD MEMBERS PRESENT:

Warren Peterson
Paul Riley
Lucille Taylor
Ivan Flint
Brad Hancock
Harold Shirley

Cleal Bradford and Bill Marcovecchio were absent.

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Eric Klotz, Chief, Water Education/Conservation and Use
Nathan Kennard, Engineer
B.J. Clark, Engineer
Russ Barrus, Engineer
Tom Cox, Engineer

OTHERS PRESENT:

Sherm Hoskins, Asst. Director, Department of Natural Resources
Ron Thompson, District Manager, Washington County Water Conservancy District
Randy Julander, Snow Supervisor, NRCS
Doug Nielsen, Funding Specialist, Sunrise Engineering, Inc.
Rex Ausburn, Branch Manager, Boyle Engineering
Kallee Nielsen, Reporter, Spectrum & Daily News

Bryan Steele, City Accountant, City of Cedar Hills

OTHERS PRESENT CONT'D:

Kurt Fowers, Director, Hooper Irrigation Co.

Theo Cox, Director, Hooper Irrigation Co.

Durk Bailey, Mayor, Hooper City

Robin Bailey, resident, Hooper City

Steven D. Bailey, resident, Hooper City

Fielding & Mary Rice, residents, Hooper City

Janeal Cox, resident, Hooper City

Lee Cammack, Project Engineer, J U B Engineers

Tracy Allen, Project Engineer, J U B Engineers

Randy Randall, Public Works Director, Centerville City

MINUTES
BOARD OF WATER RESOURCES
March 20, 2003

APPROVAL OF THE MINUTES

Paul Riley made the motion, seconded by Ivan Flint to approve the minutes of the January 31, 2003 meetings with suggested changes. The Board agreed unanimously.

CHAIR'S REPORT

Chair Warren Peterson welcomed everyone to the meeting and introduced attendees not involved with project presentations. Chair Peterson thanked Ron Thompson and the Washington County Water Conservancy District (WCWCD) for their hospitality while the Board had been in St. George attending the Water Users Workshop. Mr. Thompson thanked the Board for their efforts and said the Board performs the vital functions of long-term welfare of the state, and the WCWCD supports the Board's efforts.

Chair Peterson reminded the Board of the upcoming changes to take place with four of the Board members – Lucille Taylor, Harold Shirley, Cleal Bradford and him. The Governor will be reappointing or appointing new Board members for the next four years. Director Anderson said it could take place in April or May. Warren Peterson, Harold Shirley, and Lucille Taylor all expressed appreciation for their time spent on the Board of Water Resources.

WATER SUPPLY REPORT

Randy Julander reported snowpack so far in March has been average as far as northern Utah is concerned; southeastern Utah is around 75-85% of average, and southwestern Utah is around 50%. There has been no low elevation snowpack accumulation because January was phenomenally warm and most of it disappeared then. It is predicted the statewide snowpack will be 70-75%.

He said the past couple of years the NRCS has been working hard at getting enough sites for soil moisture monitoring that the whole state can be looked at; they now have 31 sites. Mr. Julander said the whole state is less than 70% projected streamflow with large areas being less than 50% of average. Reservoir storage is decreasing, however the reservoir operators across the state have done a magnificent job. Reservoir levels have been fairly constant until the past four years. Mr. Julander said the state of Utah is now categorized as a D-3 (extreme drought) over the entire state.

FEASIBILITY REPORT

#E099 City of Cedar Hills

Chair Peterson introduced Bryan Steele, city accountant. Tom Cox reported Cedar Hills is requesting financial assistance to construct the remainder of its secondary irrigation system. The project will serve an additional 520 connections in the oldest section of town. The project is estimated to cost \$1.8 million. The city has not yet retained an engineer to prepare plans and specifications and perform construction engineering. Mr. Cox said the city is requesting the Board provide bond insurance in the amount of \$31,200.

Mr. Steele expressed appreciation to the Board for its consideration in their project, however since the total cost of the project will be \$6 million they are requesting the Board provide \$85,000 for bond insurance to cover the whole \$6 million bond instead of the \$31,200 requested in the feasibility report, however they would be happy with the Board's decision.

Tom Cox said developers put in the existing system, built reservoirs and ponds and the city needs to purchase those from the developers before the project can be constructed; the project cost is \$1.8 million and the bond insurance on that portion is \$31,200. The \$85,000 would be for the total \$6 million bond the city would have to take out to pay the developer for what has already been installed plus what is to be installed.

Lucille Taylor asked if bond insurance has been provided in the past to pay for something that has already been done. Dennis Strong said that has never come up before, however the Board has not loaned money for refinancing. Warren Peterson said the bond insurance policy that was adopted in the last Board meeting stated, "Only projects that meet the Board's general funding requirements will be considered for bond insurance." He said if this would not be eligible for loan funding, it would not be eligible for bond insurance.

Lucille Taylor made the motion to grant \$31,200 for bond insurance to the City of Cedar Hills. Harold Shirley seconded the motion and the Board agreed unanimously.

COMMITTAL OF FUNDS

#E060 Hooper Irrigation Company

Chair Peterson introduced Robin Bailey, Steve D. Bailey, Hooper Irrigation Company; Durk Bailey, Mayor of Hooper City; Theo Cox, Kurt Fowers, and Janeal Cox, Hooper Irrigation Company; Tracy Allen, project engineer; and Lee Cammack, J U B Engineers. Tom Cox reported the Board authorized a four-phased pressurized irrigation system to serve agricultural and residential users in the Hooper area.

The irrigation company is requesting financial assistance to construct Phase I of the project which consists primarily of 15 miles of 30 to 4-inch pipeline and appurtenances to serve approximately 550 homes and 900 agricultural acres. Phase I is estimated to cost \$3.150 million. Based on the Board's affordability guideline Hooper residents could pay up to \$53.96 per month for indoor and outdoor water service. With the proposed project in place the average water cost should be about \$45 monthly.

Theo Cox, president of the irrigation company, expressed appreciation to the Board for their consideration of the project. He said if funds are committed they are ready to go with the distribution system. Mayor Bailey expressed appreciation for the Board's consideration and said they're basically out of culinary water. This project needs to be developed so their resources can be utilized.

Lee Cammack said design had been started on the reservoir and pump station (Phase II). He said it should take from 60-90 days to be ready for division staff to review.

Ivan Flint made the motion to commit funds to the Hooper Irrigation Company in the amount of \$2.677 million (85%) to be returned in 25 years at 3% interest beginning at \$110,000 and ending at \$216,000, subject to availability of funds. Paul Riley seconded the motion and the Board agreed unanimously.

#L544 Centerville City

Chair Peterson introduced Randy Randall, public works director. Tom Cox reported the company is requesting financial assistance to improve its culinary water system and sub-drainage system by installing pumping equipment and constructing a building for a well, installing culinary water transmission and sub-drain lines, constructing a booster pumping station, providing stream channel improvements for Parrish and Deuel Creeks, and installing a box culvert on Parrish Creek. The Utah Water Finance Agency loan will be repaid in 15 years at 4.83% interest with the first payment of \$295,000 in 2003.

Ivan Flint made the motion to commit funds to Centerville City in the amount of \$1.142 million (26%) to be repaid in 16 years at 3% interest beginning in 2005, with annual payments ranging from about \$35,000 to \$233,000, subject to availability of funds. Lucille Taylor seconded the motion and the Board agreed unanimously.

#E074 Marion Waterworks Co.

Tom Cox reported the Marion Waterworks Company is requesting financial assistance to improve its culinary water system by constructing a 300,000 gallon storage tank, adding chlorination facilities, and upsizing distribution pipelines. The project is estimated to cost \$400,000.

Ivan Flint made the motion to commit funds to the Marion Waterworks Company in the amount of \$320,000 (80%) to be repaid at 0% interest over approximately 22 years with annual payments of \$15,000, subject to availability of funds. Brad Hancock seconded the motion and the Board agreed unanimously.

#E080 Tooele County

Tom Cox reported Tooele County is requesting financial assistance to drill and equip a culinary water well near Grantsville, tie it to the Deseret Peak Complex (a recreational facility five miles northwest of Tooele City) with about 5 ½ miles of 16inch PVC pipeline, install a power line to the well, install a backup generator, and build a chlorination facility. The project is estimated to cost \$2 million.

Lucille Taylor made the motion to commit funds to Tooele County by participating in an interest rate buydown with the market loan to be repaid in 17 years at 5% interest and the \$700,000 (35%) to be repaid concurrently with the market loan in 17 years at 1% interest. Approximate annual payments will be \$7,000 the first year, rising to \$93,000 in the final year, subject to availability of funds. Paul Riley seconded the motion. The Board agreed unanimously.

#E089 Wolf Creek Water Conservancy Inc.

Tom Cox reported the sponsor is requesting financial assistance to expand its secondary irrigation system in Wolf Creek. The expansion will include construction of a new storage reservoir, dredging and lining of an existing reservoir, and installation of approximately 17,000 feet of distribution pipeline and 58 service connections. The project is estimated to cost \$815,000.

Ivan Flint made the motion to commit funds to Wolf Creek Water Conservancy Inc. in the amount of \$611,000 (75%) to be repaid in 25 years at 3% interest with annual payments ranging from approximately \$28,000 to \$43,000, subject to availability of funds. Brad Hancock seconded the motion and the Board agreed unanimously.

#L541 Town of Brian Head

Tom Cox reported the town is requesting financial assistance to upgrade and improve its culinary water system by redeveloping several springs, reequipping a major well, replacing small and leaky pipes, installing new pipelines, renovating existing pressure regulating stations and installing new ones, adding automated chlorination stations, and installing a radio telemetry system. The project is estimated to cost \$2 million. Chair Peterson expressed a conflict of interest.

Harold Shirley made the motion to commit funds to the Town of Brian Head in the amount of \$1.7 million (85%) to be repaid in 18 years at 5% interest with escalating repayments, subject to availability of funds. Lucille Taylor seconded the motion. The Board agreed unanimously.

#L545 Elsinore Town

Tom Cox reported Elsinore Town is requesting financial assistance to improve its culinary water system by purchasing an irrigation well and water right, reequipping and refurbishing the well to supply culinary water, installing about four miles of 8 to 12-inch distribution pipeline, and adding nine fire hydrants. The project is estimated to cost \$1.444 million.

Lucille Taylor made the motion to commit funds to Elsinore Town in the amount of \$514,000 (35.6%) to be repaid in 25 years at 2% interest with payments ranging from approximately \$22,400 to \$34,700, subject to availability of funds. Paul Riley seconded the motion and the Board agreed unanimously.

SPECIAL ITEMS

#D898 Richfield City

Richfield City requested financial assistance to drill and equip a culinary well and construct a pressurized secondary irrigation system. Since the city has completed the well on its own and shows no interest in proceeding with the secondary system, staff recommends the application be withdrawn.

#D954 K Ranch LLC

The sponsor requested financial assistance to expand its hay production operation by drilling and equipping several shallow irrigation wells and installing pipeline to supply water from them. Since the sponsor now shows no interest in obtaining Board funding, staff recommends the application be withdrawn.

Harold Shirley made the motion the Richfield City and K Ranch LLC applications be withdrawn from further consideration by the Board. Brad Hancock seconded the motion and the Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson said the plan was to stay in the Provo area for the April Board meeting, but because of BYU graduation it is difficult to find a place to stay in Utah County. Everyone will meet Thursday morning (April 24) at 7:30 a.m. at the Central Utah Water Conservancy District offices for the tour of Diamond Fork, lunch will be provided and then the Board will look at the Provo Reservoir Canal with members of the Provo River Water Users Association. The Board meeting will be held on April 25 in Salt Lake City at the Department of Natural Resources Building.

Director Anderson informed the Board of the latest developments regarding California's failure to sign the Interim Surplus Guidelines.

Paul Riley asked why the difference in interest rates on the various projects and how they are determined. Dennis Strong explained it was because of the Board's guidelines. Staff looks at the median income of the community and determines how much residents can pay for water and then determines the interest rate.

NEXT BOARD MEETING

Chair Peterson reminded the Board the next Board meeting will be at 9:00 a.m. in the Auditorium of the Department of Natural Resources building on April 25. The Board will tour the Diamond Fork project of the CUP on Thursday, April 24.

Meeting adjourned at 10:55 a.m.

Approved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

January 31, 2003

Room 314, Department of Natural Resources
Salt Lake City, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
January 31, 2003

The Board of Water Resources held a briefing meeting on January 31, 2003, at 9:00 a.m. in Room 314 at the Department of Natural Resources Building in Salt Lake City, Utah.

The following people were in attendance:

BOARD MEMBERS

Paul Riley
Lucille Taylor
Cleal Bradford
Ivan Flint
Brad Hancock
Harold Shirley
Warren Peterson
Bill Marcovecchio

STAFF MEMBERS

Larry Anderson
Dennis Strong
Eric Millis
Nancy Fullmer
Steve Wilde
Todd Adams
Gina Hirst

VISITORS

Sherm Hoskins

Chair Warren Peterson called the briefing meeting to order and welcomed everyone to the meeting. Director Larry Anderson invited the Board members to attend the budget hearing that is scheduled for February 7 at the State Capitol Building.

DISCUSSION OF STAFF ACTIVITIES

Eric Millis handed out a booklet showing the members of the legislative committees dealing with Natural Resources. He encouraged the Board members to contact the legislators from their areas who serve on the committees. He also reviewed a memorandum he handed out with an update of proposed legislation regarding water issues. He said it had been eerily quiet at the legislature as far as water funding legislation.

Chair Peterson reviewed the proposed agenda for the Tri-Board Meeting being held on February 5 at the Department of Natural Resources Building. He said the chairmen of the three state water-funding boards would attend, as well as the Commissioner of Agriculture. Cleal Bradford will represent the Community Impact Board, and Vice Chair Paul Riley will also attend. Mr. Peterson encouraged Director Anderson to attend the meeting.

Chair Peterson suggested the Board members should hold a special meeting in St. George to evaluate where the Board stands after the legislative session and determine if they need to set priorities or change their policies. He also would like the Board members to review his statement in response to the Governor's proposal regarding water funding and come up with one page of bullet points. The board members said they would also like to review the powers and purpose of the Board as listed in the training books they received from the Governor's office and the comprehensive handbook prepared by staff. After considerable discussion, the Board members agreed to hold a special meeting on Wednesday, March 19, at 3:00 p.m. at the Crystal Inn. Chair Peterson encouraged the Board members to let Nancy know of any additional items they would like added to the agenda. Director Anderson said Dennis Strong would be in charge of the Board meetings since he would be attending the Western States Water Council meetings. Director Anderson also said the Washington County Water Conservancy District had invited the Board members and their spouses to dinner on Tuesday night; and the Water Users banquet will be held on Wednesday evening.

There was a discussion about water conservation. Director Anderson said five entities contributed funds to the Governor's water conservation media campaign last year and have agreed to provide funding this year for the campaign. The group feels good about the accomplishments of last year's program.

Eric Millis said staff held three public meetings in the Bear River Basin to receive comments on the Utah State Water Plan, "Bear River Basin Planning for the Future Public Review Draft". Staff will accept written comments regarding the report until February 23. Paul Riley said he thought the meetings were well conducted and staff did a good job explaining the report and responding to questions. He said he was pleased with the attendance.

Dennis Strong gave the Board members a copy of information he and Lyle Summers prepared explaining some past actions of the Board. He encouraged the Board members to review the document so they would have a better understanding of some previous projects that were funded by the Board.

Chair Peterson handed out a revised copy of the proposed Board policy regarding bond insurance. He said the Board would take action on the proposed policy during the Board meeting.

Cleal Bradford discussed the funding process used by the Community Impact Board. He said he has been the representative from the Board of Water Resources for the past five years.

DISCUSSION OF PROJECTS

Feasibility Reports

Steve Wilde asked Gina Hirst to give a summary of the Richland Nonprofit Water Company's proposed project. Ms. Hirst said the company wanted to consolidate water systems and individual wells along the south shore of Bear Lake area into one large public water system. The sponsor is requesting grants from USDA and CDBG and feels they have a better chance to receive grants if they can consolidate. She said the company requests 3% interest repayment terms rather than 5% as recommended by staff. Staff also suggested the sponsor pre-sell connections and get signed agreements with the water systems before funds are committed. The Board members asked why the sponsor did not form a special service district. Staff said they should ask the sponsor. There was considerable discussion about the economic feasibility, discount rate and benefits to the developers.

Steve Wilde said the Bear River Canal Company wants to replace a 100 year-old steel flume structure with an inverted siphon that will be installed under the Malad River. He said the Board assisted the sponsor in replacing a washed out flume with an inverted siphon pipeline in 1984 as well as several additional small flumes since that time. There was a discussion about the damage that could be caused if the present structure failed. The Board members also discussed the ability of water companies to earmark money for capital improvements and replacement projects. Some of the Board members asked about the repayment terms and zero percent interest.

Committal of Funds

Steve Wilde said the division's design section is doing the engineering work on the Fountain Green Irrigation Company's proposed project. The sponsor is requesting an additional \$18,000 from the Board. The current project cost estimate exceeds the amount authorized due to additional pipe needed to provide adequate water supply and pressure in one section of the system. Staff suggested the sponsor repay the \$230,000 in 25 years at 0% interest, which includes the \$18,000 additional amount.

Gina Hirst said the Gunnison City project was ready for committal of funds. The proposed cost estimate and sharing remain the same as the Board authorized in November.

Bill Marcovecchio said the engineer and manager of the Magna Water Company An Improvement District contacted him and said they needed an additional \$115,000 for the project. The drain system was not as good as they thought. Changes in the design and property costs have increased the overall cost of the project. There was a discussion about the district signing a contract rather than issuing a bond.

Ivan Flint said the Taylor-West Weber Water Improvement District was requesting committal of funds for its culinary water improvement project that was authorized in December. The proposed cost estimate is the same as authorized.

Dennis Strong reminded the Board members their motions should include “subject to the availability of funds” since the Board’s funds may not be available if the repayments are taken. All of the project sponsors should be encouraged to expedite their projects so they can be ready for construction when the funds are available. Mr. Strong reviewed the Status of Funds Report.

OTHER ITEMS

Lucille Taylor read changes to the previous Board meeting minutes she would like made before they are approved. Warren Peterson also read his proposed corrections to the minutes.

Director Anderson reminded the Board members they could not make motions on projects during the Briefing meeting since the sponsors are not present during the discussions, and the agenda does not indicate a motion will be considered.

The arrangements for the Water Users Workshop meetings in St. George were discussed. The Board members were asked to let Nancy know their plans.

Director Anderson reviewed what was happening in California since the Colorado River water users in California failed to comply with the Interim Surplus Guidelines by December 31, 2002.

The briefing meeting adjourned about noon.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
January 31, 2003

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the December 20, 2002 Board meetings were approved with suggested changes. page 1
2. A Bond Insurance Policy was accepted by the Board. page 2
3. The Richland Nonprofit Water Company project was tabled until agreements have been signed between the entities involved. page 3
4. The Board authorized the Bear River Canal Company project in the amount of \$489,000 (80%) to be purchased with approximate annual payments of \$49,000 at 0% interest over ten years, subject to availability of funds. page 3
5. Funds were committed to the Fountain Green Irrigation Company project in the amount of \$230,000 (85%) to be repaid in 25 years at 0% interest with annual payments of approximately \$9,200, subject to availability of funds. page 4
6. The Board committed funds to the Magna Water Company An Improvement District project in the amount of \$815,000 (48%) to be purchased at 1% interest over 25 years with annual payments of approximately \$37,000, subject to availability of funds. page 4
7. Funds were committed to Gunnison City in the amount of \$477,000 (37%) to be repaid in 21 years at 1% interest with payments ranging from approximately \$16,000 to \$64,600, subject to availability of funds. page 5
8. The Board committed funds to the Taylor-West Weber Water Improvement District in the amount of \$825,000 (75%) to be repaid in 20 years at 5% interest with annual payments starting at approximately \$51,800 and increasing to about \$90,800. page 5
9. A letter will be prepared for the Board's signatures thanking Thorpe Waddingham for his many services to the water community over many years. page 5

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, January 31, 2003, in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Peterson presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Warren Peterson
Paul Riley
Lucille Taylor
Ivan Flint
Brad Hancock
Cleal Bradford
Harold Shirley
Bill Marcovecchio

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Ben Everitt, Geologist
Todd Adams, Chief, Hydrology and Computer Applications
Steve Wilde, Chief, Investigations
Gina Hirst, Engineer
Tom Cox, Engineer
Geralee Murdock, Executive Secretary

OTHERS PRESENT:

Sherm Hoskins, Asst. Director, Department of Natural Resources
Jerry Olds, State Engineer
Randy Julander, Snow Supervisor, NRCS
Chris Hogge, Engineer, Weber Basin Water Conservancy District
Doug Nielsen, Sunrise Engineering

OTHERS PRESENT CONT'D:

Brian Wood, Project Manager, Richland Nonprofit Water Co.
Robert Wood, President, Richland Nonprofit Water Co.
Jim Wood, Interim Director, Bureau of Economic Res. U. of U.
Robert Rose, Board member, Richland Nonprofit Water Co.
Randy House, Director, Richland Nonprofit Water Co.
John Mabey, Attorney, White, Mabey, Wright and Richards
Lance Anderson, Project Engineer, Cache & Landmark Engineering
David M. Kelly, President, South Bear Lake Water Users Co-op
Dave Gessel, Owner, South Bear Lake Water Users Co-op
Mark Gessel, South Bear Lake Water Users Co-op
Clyde Gessel, Director, South Bear Lake Water Users Co-op

Charles Holmgren, President, Bear River Canal Co.
David B. Styer, Manager, Bear River Canal Co.
Ken Gardner, Engineer, Gardner Engineering,

Ed Hansen, General Manager, Magna Water Co.
Don Olsen, District Engineer, Magna Water Company

Rodney Taylor, Councilman, Gunnison City
JoAnn Taylor, Treasurer, Gunnison City
Linda Day, Engineer, Franson-Noble Engineers

Val Surrage, Chairman, Taylor-West Weber Water Co.
Dick Gibson, Vice-chair, Taylor-West Weber Water Co.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
January 31, 2003

Chair Peterson welcomed everyone to the meeting.

APPROVAL OF THE MINUTES

Lucille Taylor made the motion seconded by Cleal Bradford to approve the minutes of the December 20, 2002 meetings with suggested changes. The Board agreed.

CHAIR'S REPORT

Chair Peterson said the Governor met with Board representatives on January 17 and explained his budget proposal, however the legislative budget proposal is different than the proposal made by the Governor. The legislature proposes to proceed with the sales tax funding as amended in the December legislative special session.

WATER SUPPLY REPORT

Randy Julander reported the year began at 75% of average snowpack. Currently the north is in the high to mid-50% of average, the southwest corner of the state is at 37% of average and the southeast corner is at 47% of average. During January the high elevation snowpacks didn't get any snow and the low elevations lost.

Reservoir storage is down 700,000 acre-feet from last year. All small reservoirs will probably fill; the larger ones will not. It would take four years to fill Bear Lake with average inflow if no water was released. The streamflow forecast for February will not be released until next week, however based on the snowpack it is estimated each of the basins will decline anywhere from 10-25%.

The entire state with the exception of one small piece is categorized as in extreme drought. Mr. Julander said the long-range forecast for the months of February, March and April shows the temperatures for the entire state well above average.

ADOPTION OF BOND INSURANCE POLICY

Chair Peterson stated a subcommittee of the Board was appointed in September 2002 during the Blanding Board meeting to evaluate the Board's bond insurance policy. Paul Riley

was appointed chairman of the subcommittee which also consisted of Lucille Taylor, Brad Hancock and Ivan Flint. The subcommittee met and issued the following statement:

“The Board of Water Resources may provide financial assistance grants to applicants that apply only for bond insurance. Careful use of bond insurance grants can significantly reduce demands on the Board’s financial resources, while at the same time promoting water development policies and encouraging use of private bond markets. When a project sponsor is approved for both a loan and bond insurance assistance on a project, the bond insurance premiums will be provided only as a loan. Only projects that meet the Board’s general funding requirements will be considered for bond insurance.”

Mr. Riley made the motion the Board accept the committee’s recommendation as the Board of Water Resources’ Bond Insurance Policy. Lucille Taylor seconded the motion and it was agreed upon by the Board.

FEASIBILITY REPORTS

#E087 Richland Nonprofit Water Co.

Chair Peterson introduced Robert Wood, Randy House, John Mabey, Lance Anderson, and Jim Wood from the company, and David Kelly, Mark Gessel, Clyde Gessel, Dave Gessel, and Robert Rose from the South Bear Lake Water Users Co-op. Gina Hirst reported the proposed project is located on the southeast side of Bear Lake in Rich County. There are four water systems: Laketown, South Bear Lake Water Users Co-op, South Shore Special Service District and Falula Farms, Inc., as well as approximately 100 individual wells. All the systems are at or near capacity, therefore, individual wells are currently the only option for future growth. All of these systems are interested in incorporating into a larger better system if water delivery can be guaranteed and the costs are reasonable. The Richland Nonprofit Water Co. was recently formed to regionalize the water systems and to aid in future development of the area. Rich County and Laketown have resolutions supporting the consolidation and regionalization of these water systems, however, no formal agreements have been made with the sponsor.

The Richland Nonprofit Water Co. is requesting financial assistance from the Board to develop a public water system for the south shore of Bear Lake to serve the existing 200 connections and allow an increase of 400 total residential connections over the next 15-20 years. The project is estimated to cost \$1.767 million. Grant assistance is being requested from the USDA and CDBG; a 34% loan of \$592,000 is being requested from the Board.

Based on the Board’s affordability guidelines the residents of the south shore area could pay up to \$34.69 per month for water. With the proposed project in place the cost per connection per month would be about \$35.91. Staff recommends if the Board authorizes the project the sponsor be required to get signed agreements from Laketown, South Bear Lake Water Users Co-op, South Shore Special Service District, Falula Farms Inc. and 50% of the individual well owners; and that they be required to connect onto the system within five years.

Brian Wood of the company explained the need for a regionalized water system in the area. He also asked the Board to consider a 4% interest loan instead of the recommended 5% loan, as it would give them better ability to budget and plan for reserves.

David Kelly and Dave Gessel of the South Bear Lake Water Users Co-op both stated the water users of the South Bear Lake Water Users Co-op have not signed off on the proposed system and suggested the Board not make a final determination until the water groups have signed agreements. Mr. Wood replied a survey was mailed directly to property owners in the proposed project area to get a general feeling. The majority of the system would have to vote to become a part of the proposed system. Brian Wood said the company would like to build the system at the same time as the South Shore sewer project.

After considerable discussion, Cleal Bradford suggested the project be tabled until it is determined who will participate in the project. Paul Riley agreed and made the motion the Richland Nonprofit Water Company project be tabled until agreements have been signed between the entities involved. Cleal Bradford seconded the motion. The Board agreed.

Chair Peterson said the Board is in favor of encouraging cooperation and regionalization of water systems. This proposal will prevent the kind of problems encountered in other parts of the state. The motion does not imply the Board is displeased with the proposal.

#E097 Bear River Canal Co.

Chair Peterson introduced Charles Holmgren, president; Dave Styer, manager; and Ken Gardner of Gardner Engineering. Gina Hirst reported the canal company diverts water from Cutler Dam to serve approximately 65,000 acres through 130 miles of transmission canals from Fielding to Brigham City. On one of the main canals there is a steel flume truss structure that conveys water over the Malad River. The steel beams and columns supporting the flume have weathered and show signs of corrosion, and therefore may not be able to withstand an earthquake load due to the deterioration of the joints.

The canal company is requesting financial assistance to replace the steel flume structure with 550 feet of inverted siphon that will be installed under the Malad River. Technical assistance is being provided by Gardner Engineering in Ogden. The project is estimated to cost \$611,000. The Bear River Canal Company has two existing loans with the Board that will be repaid by 2007 and 2014.

Paul Riley made the motion to authorize the Bear River Canal Company project in the amount of \$489,000 (80%) to be purchased with approximate annual payments of \$49,000 at 0% interest over 10 years, subject to availability of funds. Ivan Flint seconded the motion and it was agreed upon by the Board.

COMMITTAL OF FUNDS

#E042 Fountain Green Irrigation Company

Steve Wilde reported the Fountain Green Irrigation Company is requesting technical and financial assistance from the Board to improve its pressurized irrigation system by replacing pressure reducing and other valving in five stations, replacing small PVC pipe with larger pipe, a concrete ditch with polyethylene pipe, and constructing a new pipe inlet structure. Division staff is designing the project.

The current project cost estimate exceeds that authorized (\$212,000) due to additional pipe needed to provide adequate supply and pressure in one section of the system. The company is now requesting the Board provide \$230,000.

Cleal Bradford made the motion to commit funds to the Fountain Green Irrigation Company in the amount of \$230,000 (85%) to be repaid in 25 years at 0% interest with annual payments of approximately \$9,200, subject to availability of funds. Bill Marcovecchio seconded the motion and the Board unanimously agreed.

#E068 Magna Water Company An Improvement District

Chair Peterson introduced Ed Hansen, general manager, and Don Olsen, district engineer. Tom Cox reported the district is in the process of constructing Phase I of a secondary irrigation system with plans to eventually expand the system to cover the entire district.

Modifications made to the area Phase I will serve, revisions made during design and additional property costs for the pond site have increased the overall cost of the project from \$1.550 million to \$1.690 million. A grant has been received from the Central Utah Water Conservancy District for 42% of the project cost.

The district has installed approximately 1,700 feet of pipeline in conjunction with a county road project, and is in the process of drilling a well. The district intends to put the remainder of the project out to bid this winter and early spring. Mr. Hansen further explained the need for the project and said it should be a win-win for the whole community.

Bill Marcovecchio made the motion to commit funds to the Magna Water Company An Improvement District in the amount of \$815,000 (48%) to be purchased at 1% interest over 25 years with annual payments of approximately \$37,000, subject to availability of funds. Cleal Bradford seconded the motion and it was agreed upon by the Board.

#E088 Gunnison City

Chair Peterson introduced Rod Taylor and JoAnn Taylor from the city and Linda Day from Franson Noble Engineering. Gina Hirst reported Gunnison City is requesting financial

assistance to make improvements to its pressurized secondary irrigation system by dividing it into two systems. A transmission pipeline will be installed to divert water from the Highland Canal. The project also includes the construction of a 17 acre-foot regulating pond. This system will serve the north side of Gunnison. The south side will continue to be served by the existing system.

A grant has been received from the Central Utah Water Conservancy District (Section 206) in the amount of \$650,000 (51%). The proposed cost sharing remains the same with the Board of Water Resources funding 37% of the total project cost. Harold Shirley made the motion to commit funds to Gunnison City, subject to the availability of funds, in the amount of \$477,000 (37%) to be repaid in 21 years at 1% interest with payments ranging from approximately \$16,000 to \$64,600. Paul Riley seconded the motion and it was agreed upon by the Board.

#E095 Taylor-West Weber Water Improvement District

Chair Peterson introduced Val Surrage, chairman of the Board, and Dick Gibson, vice-chair. Tom Cox reported the district is requesting financial assistance to improve its culinary water system by constructing a two million gallon water storage tank, booster pumping facility, and replacing 1,050 water meters. The project is estimated to cost \$1.1 million.

Mr. Surrage said the project has been to bid and the contractors are ready to go as soon as funds are available. Mr. Peterson said as soon as the paper work has been submitted funds will be available.

Ivan Flint said he toured the project and it looks like a good project. He made the motion to commit funds to the Taylor-West Weber Water Improvement District project in the amount of \$825,000 (75%) to be repaid in 20 years at 5% interest with annual payments starting at approximately \$51,800 and increasing to about \$90,800. Bill Marcovecchio seconded the motion and the Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson said that Thorpe Waddingham has resigned as a member of the Western States Water Council (WSWC). Mr. Waddingham was an original member appointed in 1965 when the WSWC was organized. The Governor sent a letter to Thorpe thanking him for his many years of service; WSWC has prepared a resolution that will be presented at the council's March meeting.

Lucille Taylor made the motion the Board send a letter thanking Thorpe Waddingham for his many services to the water community over many years. Cleal Bradford seconded the motion and it was agreed upon by the Board.

Mr. Anderson referred the Board to a letter in the Board folder regarding the Yuma Desalting Plant that was constructed by the Bureau of Reclamation as a way of meeting the water quality commitment to Mexico under Minute 242. He also stated the Upper Colorado River Commission held a meeting and reports from the Bureau of Reclamation and Western Area Power Administration were included in the Board folder for the Board members perusal.

Meeting adjourned at 2:45 p.m.

